

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6847

BILL NUMBER: HB 1465

NOTE PREPARED: Jan 13, 2013

BILL AMENDED:

SUBJECT: INSPECT Program.

FIRST AUTHOR: Rep. Davisson

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires a health care practitioner to use the Indiana Scheduled Prescription Electronic Collection and Tracking (INSPECT) program before prescribing, dispensing, or administering a controlled substance in an amount that exceeds a 30- day supply for treatment of a patient's pain.

The bill requires that the INSPECT program data base must include criminal convictions relating to a recipient's possession, use, diversion, or distribution of a controlled substance or other illegal drugs, except marijuana, if the criminal conviction information is made available to the INSPECT program by the Indiana State Police (ISP) through the uniform crime reporting system or other mechanisms or formats.

The bill also provides that the controlled substances registration fees must be deposited into the Controlled Substances Data Fund. (Current law requires the deposit of 16% of the fees into the fund.)

Effective Date: July 1, 2013.

Summary of NET State Impact: The bill would reduce annual revenue to the state General Fund by approximately \$850,000 - shifting the revenue to the Controlled Substances Data Fund, resulting in a total of \$1 M in funding for the operations of the INSPECT program. The bill would potentially require a one-time expenditure of up to \$100,000 (estimated \$25,000 to \$100,000) to link to a system to provide convictions information. In addition, costs could range up to \$135,000 annually (estimated \$87,000 to \$135,000) for systems maintenance and additional operating expenses including staff.

Explanation of State Expenditures: The Indiana Professional Licensing Agency (IPLA) reports that

mandatory use of the INSPECT system would more than double the usage of the system. IPLA estimates that mandatory use would require at minimum, one additional staff person and would require additional software and hardware expenditures. A rough annual estimate for the additional funding required is \$75,000.

The bill also requires the INSPECT data base to include criminal convictions related to controlled substances or other illegal drugs if the information is made available. IPLA reports that this requirement involves IT connectivity issues. One-time costs are roughly estimated to range between \$25,000 to \$100,000 with subsequent maintenance costs ranging between \$12,000 to \$60,000 per year.

Background Information: Federal grant funds provided the expansion funding for the INSPECT program after the program was moved to the IPLA and expanded to provide access to pharmacies and physicians. The INSPECT program currently receives about \$160,000 in funding from 16% of the controlled substance registration fees. The federal grant funds have been exhausted. The program expense for FY 2012 was \$206,060. The IPLA is estimating FY 2013 total expenditures to be \$314,876.

Explanation of State Revenues: This bill would decrease revenue to the General Fund by approximately \$850,000, annually. The revised allocation would direct the \$850,000 to the dedicated, nonreverting Controlled Substances Data Fund (CSD Fund), which is used to fund the operation of the INSPECT program.

Currently, 84% of the revenue from controlled substances registration fees is deposited in the General Fund, while 16% is deposited in the CSD Fund. The bill eliminates the revenue for the General Fund by requiring the total fee be deposited in the CSD Fund. This estimate assumes that the controlled substances registration fee and the number of registrations will remain stable. The Indiana Professional Licensing Agency typically estimates the Controlled Substances Registration fee revenue on a two-year basis since license types are staggered two-year renewals, and the fees are assessed with the license renewals.

Current Allocation	Controlled Substance Registration Fees	General Fund 84%	Controlled Substances Data Fund 16%
FY 2011	1,104,730	927,908	176,822
FY 2012	918,369	771,452	146,917
Two-Year Total	2,023,099	1,699,360	323,739
Average Annual	\$ 1,011,550	\$ 849,680	\$ 161,870

Revised Allocation	Controlled Substance Registration Fees	General Fund 0%	Controlled Substances Data Fund 100%
Average Annual	\$ 1,011,550	\$ 0	\$ 1,011,550
Difference Due to Change in Allocation		(\$ 849,680)	\$ 849,680

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: IPLA, Indiana State Police.

Local Agencies Affected:

Information Sources: IPLA, Indiana State Auditor, State Budget Agency.

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